

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 IO-11 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

/098 W

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R 151400Z MAR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 4522

USDEL MTN GENEVA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 2233

E.O. 11652: N/A

TAGS: ETRD; MTN; BR

SQBJE: MTN: TROPICAL PRODUCT NEGOTIATIONS; POSSIBLE BRAZILIAN
CONCESSIONS

REF: (A) BRASILIA 0985; (B) BRASILIA 1002; (C) 75 STATE
287116; (D) RIO DE JANEIRO A-94, DEC. 16, 1975;
(E) BRASILIA A-141, AUGUST 18, 1975

1. SUMMARY: FOLLOWING ARE ADDITIONAL SUGGESTIONS CONCERN-
ING POSSIBLE POINTS WHICH THE US MIGHT RAISE IN THE
MTN IN DISCUSSIONS OF US CONCESSIONS IN TROPICAL PRODUCTS.
END SUMMARY.

2. SOMEWHAT FURTHER AFIELD THAN OTHER CONCESSION
ITEMS MENTIONED REF A, US COULD REQUEST CLARIFICATION
OR LIBERALIZATION OF VARIOUS RESTRICTIVE GOB POLICIES.
THESE COULD INCLUDE: (1) REQUESTING CLARIFICATION
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AND LIBERALIZATION OF THE NEW AMBIGUOUS TRANSFER OF

TECHNOLOGY RELATIONS CONTAINED IN NORMATIVE ACT 15 OF THE INPI, NATIONAL INSTITUTE OF INDUSTRIAL PROPERTY, (REF RIO DE JANEIRO TRANSMITTAL SLIP OF OCTOBER 11, 1975, TO STATE AND COMMERCE DESK OFFICERS); (2) REQUESTING CACEX TO GIVE REASONS FOR TURNING DOWN INDIVIDUAL IMPORT PERMIT APPLICATIONS; THEIR FAILURE TO DO THIS IS CREATING PROBLEMS FOR AMERICAN EXPORTERS (REF D); (3) REQUESTING LIBERALIZATION OF REQUIREMENTS SPECIFYING THE PERCENTAGE OF SCREEN TIME ALLOWED FOREIGN-MADE MOVIES. THE GOB IS TRYING TO ENCOURAGE THE BRAZILIAN MOVIE INDUSTRY BY INCREASING THE PERCENTAGE OF TIME THAT MUST BE DEVOTED TO BRAZILIAN PICTURES (REF E).

3. COMMENTS. SUGGESTION (2) RELATES TO A SERIES OF MEASURES RECENTLY INTRODUCED BY BRAZIL (REF D) AIMED AT SHARPLY RESTRICTING IMPORTS IN ORDER TO LESSEN BRAZIL'S LARGE BALANCE OF PAYMENTS DEFICIT. BECAUSE OF BRAZIL'S PRESENT IMMENSE PREOCCUPATION WITH ITS BALANCE OF PAYMENTS PROBLEM, REQUESTS FOR REMOVAL OR REDUCTION OF THESE MEASURES ARE CERTAIN TO BE FUTILE, AND MAY BE DIFFICULT TO NEGOTIATE, AT LEAST IN THE SHORT RUN.

4. MORE BASICALLY, THE QUESTION OF WHETHER TO RAISE THE ISSUE OF THE BRAZILIAN IMPORT MEASURES WITHIN THE MTN IS A DEBATABLE POINT. IT DEPENDS ON WHETHER THE MEASURES ARE TEMPORARY. THIS, IN TURN, DEPENDS UPON THE SUCCESS BRAZIL WILL HAVE IN IMPROVING ITS BALANCE OF PAYMENTS POSITION AND THE AMOUNT OF PRESSURE TO WHICH THE GOB IS SUBJECT TO REMOVE THE BARRIERS. THE FIRST SET OF IMPORT RESTRICTIVE REGULATIONS IN 1975 WERE CALLED "TEMPRARY." THE MEASURES ANNOUNTED DEC. 2, HOWEVER, HAVE NOT BEEN REFERRED TO AS TEMPORARY.

5. ONE REASONS NOT TO RAISE THE IMPORT RESTRICTIONS AT THE MTN IS THAT THE GOB HAS CHANGED ITS IMPORT REGULATIONS FREQUENTLY. IT WILL DO NO GOOD TO ASK FOR A TARIFF REDUCTION OR AN EXEMPTION FROM ONE IMPORT RESTRICTION IF ANOTHER ARISES TO TAKE ITS LIMITED OFFICIAL USE

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PLACE. THE LONG-RUN PERSPECTIVE OF THE MTN DOES NOT SEEM TO BE A PLACE TO SHOOT AT MOVING TARGETS.

6. IRONICALLY, THE FREQUENT CHANGE OF IMPORT REGULATIONS DOES SUGGEST A FRAMEWORK FOR ASKING FOR CONCESSIONS FROM BRAZIL IN THE MTN IN RETURN FOR US CONCESSIONS ON TROPICAL PRODUCTS. IF THE USG SELECTS CERTAIN PRODUCTS FOR WHICH IT WILL ASK RECIPROCAL CONCESSIONS

SIONS, THE EXACT CONDITIONS UNDER WHICH THESE PRODUCTS WOULD ENTER BRAZIL SHOULD BE EXPLICIT AND INCLUDE A GUARANTEE THAT ANY NEW IMPORT RESTRICTIONS WOULD NOT INCLUDE THESE PRODUCTS.

7. FYI. (NOT FOR CONCESSION DISCUSSION); EMBASSY IS CURRENTLY SEEKING APPROVAL FOR TRADE CENTER IN BRAZIL WITH BONDED WAREHOUSE STATUS. THIS IS PRIORITY ITEM FOR US AND WE ARE HOPEFUL THAT APPROVAL WILL IN DUE COURSE BE FORTHCOMING. WE DO NOT THINK THIS REQUEST IS AN ISSUE FOR THE MTN. IF, HOWEVER, THE US REQUEST WERE DENIED, THIS WOULD, IN OUR VIEW, RAISE A BROADER ISSUE OF BRAZILIAN POLICY AND PROCEDURES WITH RESPECT TO TRADE EXHIBITIONS. THERE HAVE BEEN NUMEROUS COMPLAINTS FROM OTHER EXPORTING COUNTRIES ABOUT THE COMPLEXITY OF BRAZILIAN REGULATIONS GOVERNING THE IMPORTATION OF MERCHANDISE UNDER BOND (FOR EXAMPLE, THE EC PRESENTED A DEMARCHE TO THE GOB ON THIS SUBJECT), WHICH MIGHT LEND ITSELF TO DISCUSSION AS AN NTB.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TROPICAL PRODUCTS, NEGOTIATIONS, TRADE AGREEMENTS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BRASIL02233
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760097-0616
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760362/aaaacal.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BRASILIA 985, 76 BRASILIA 1002
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 07 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 MAY 2004 by woolflhd>; APPROVED <27 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, BR, MTN
To: STATE MTN GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006